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THE AGRICULTURAL SITUATION

A Brief Summary of Economic Conditions

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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HARVEST TIME—SMALLER CROPS, HIGHER PRICES

The harvest is on now and the coming month will tell the crop story definitely. Among the four chief money crops, cotton and fruit are apparently in more moderate supply than last year and returns from them are correspondingly better. Wheat and potatoes are somewhat larger crops than last year but their prices are still favorable.

The cotton crop, ravaged by the boll weevil, is forecast at nearly one-third less than last season's record output. Winter wheat turned out some 75,000,000 bushels less than last year though it was about an average crop, but spring wheat is more than making up with 100,000,000 bushels in excess of last year. Movement of both wheat and cotton to market is more rapid than last year. Potatoes appear likely to turn out about an average crop, something under 400,000,000 bushels, blight and rot tending to reduce the yield below earlier forecasts. Late fruit is a substantially smaller crop than last year, especially in the East.

The three great feed crops illustrate how a late season makes fodder rather than grain. Hay was a bumper crop. Oats were a rather light crop. Corn is a still lighter crop, relatively. This is just the critical time now for corn, the question being, when will it freeze? Warm September weather did a lot to mature the grain but light frosts have left their mark lately in northern valleys while the big, general freeze is presumably not far ahead.

The supply of feedstuffs relates itself, of course, to the livestock situation. So far as now appears, the animal industries are, on the whole, in as favorable position as they have held for 10 years. The corn shortage will, presumably, send some lighter hogs to market; it may act to restrict breeding somewhat for spring pigs. But there may be more feedable corn than has been thought likely.

Western cattle and sheep are now moving down out of the high ranges and long trainloads of marketable stock are coming eastward. The beef cattle industry is unquestionably on the upgrade. Sheep raisers are still doing well and are confident, though more than one note of caution against overexpansion has been raised in responsible quarters. The dairy industry is in good shape.

The advance in cotton, corn, and apple prices has helped to raise the general index of purchasing power of farm products from 83 a year ago to 88 at present. Summing up the season's apparent production and returns, it can probably be called an average year for the South; for the Wheat Belt a good year in the north and a fair year in the southern belt; for the Corn Belt a fair year in the west but a poor year in the eastern belt; for the Far West a good year in the range States and Pacific Northwest.

KEY REGIONS AT A GLANCE

The East.—Has had fairly favorable weather for maturing crops, harvesting, and sowing winter wheat. Very busy now filling silos, digging potatoes, picking apples, harvesting late truck, etc. Important potato sections disappointed at fall in price of potatoes but hopeful that late crop will still sell for fairly good price; some blight and rot evident. Dairymen regard their industry as in strong position for the winter.

The South.—The east especially and some sections west of the river suffered from heat and drought last month. Cotton maturing under generally unfavorable conditions; widespread complaints of weevil, shedding, worms, root rot, etc. Picking and ginning have made rapid progress; reports last month showed a million more bales ginned than on same date a year ago. Corn and other southern crops fairly good except in drought areas. Region heartened by higher prices for cotton in spite of poor crop.

Corn Belt.—Busy with fall work; winter wheat mostly in ground; corn harvest beginning. Corn made great progress during the warm weather last month, but the eastern belt is running a race with frost, the odds being against it. Late-planted corn is everywhere regarded as out of the running, except to make feed. The territory west of the Mississippi is going to have a real corn crop, however. Stockmen encouraged by rising prices of cattle and hogs, though many feeders consider cattle too high to be a good feeding risk this winter.

Wheat Belt.—Winter wheat seeded in south and sowing well along in north. Seeding conditions generally favorable, though sections of Nebraska are too dry. Threshing of spring wheat well along in north. Grain has been moved to market very rapidly this season, the combine probably playing a part here. Corn, potatoes, hay, and other crops in this section very good. All told, a favorable year for the wheat territory.

Range Country.—Ranges universally reported good except for dry spots in southwestern Wyoming and adjacent territory. Grass rather soft, slow to cure in some sections. However, the general picture of feed conditions is unusually good from Montana to the Mexican border. Cattle and sheep moving down out of the high ranges. Shipping market and feeder stock east. Cattlemen encouraged by rising prices. Sheepmen still optimistic. General condition of range country is favorable.

Pacific Coast.—Washington and Oregon suffered from rainy spell last month, with some damage to grain and delay to fall work. Harvest of fruit and late crops in progress. North has fairly good apple crop and stands to make more money from it than last year. Drying prunes and grapes in California. Production of most deciduous fruits heavy. Citrus outlook promising in south.

THE TREND OF CROP PRODUCTION

	1913 pro- duction	5-year average, 1922-1926 production	1926 pro- duction	1927, Sep- tember 1 forecast
	Millions	Millions	Millions	Millions
Winter wheat.....bushels..	523	556	627	553
Spring wheat.....do.....	240	252	205	308
All wheat.....do.....	763	808	833	861
Corn.....do.....	2,447	2,767	2,647	2,457
Oats.....do.....	1,122	1,352	1,250	1,191
Barley.....do.....		193	188	259
Flaxseed.....do.....	18	20	19	24
Peanuts.....pounds.....		670	627	860
Rice.....bushels.....	25.7	36	41	39
Potatoes, white.....do.....	332	394	356	400
Sweet potatoes.....do.....	59	81	84	89
Tobacco.....pounds.....	954	1,342	1,321	1,168
Hay, all.....tons.....	64	91	86	101
Apples, total.....bushels.....	145	199	246	124
Apples, commercial.....barrels.....		34	39	24
Peaches.....bushels.....		54	70	45
Sugar beets.....tons.....		6.8	7.2	6.8
Cotton.....bales.....	14	13.5	18	12.7

The composite condition of crops in the United States on September 1 was 98.1. This indicates that crops were 1.9 per cent below their 10-year average condition on that date. This composite condition was 0.9 below the corresponding composite on August 1, and 6.5 lower than the composite of per acre yields last year. This year's total acreage in 19 cultivated crops is about 1 per cent less than that harvested last year.

AVERAGE PRICES OF FARM PRODUCTS RECEIVED BY PRODUCERS

Actual prices received by producers at local farm markets as reported to the division of crop and livestock estimates of this bureau. Average of reports covering the United States weighted according to relative importance of district and State.

	5-year average, August, 1909- July, 1914	August average, 1910- 1914	August, 1926	July, 1927	August, 1927
Cotton, per lb.....cents	12. 4	12. 3	16. 1	15. 5	17. 1
Corn, per bu.....do	64. 2	70. 9	79. 5	92. 4	97. 7
Wheat, per bu.....do	88. 4	89. 5	125. 1	127. 4	123. 5
Hay, per ton.....dollars	11. 87	11. 35	13. 04	11. 71	9. 97
Potatoes, per bu.....cents	69. 7	84. 0	140. 5	183. 1	146. 3
Oats, per bu.....do	39. 9	40. 9	37. 9	46. 3	44. 4
Beef cattle, per 100 lbs.....dollars	5. 22	5. 08	6. 29	7. 13	7. 21
Hogs, per 100 lbs.....do	7. 23	7. 30	11. 66	8. 58	9. 24
Eggs, per doz.....cents	21. 5	18. 2	26. 4	20. 7	23. 4
Butter, per lb.....do	25. 5	23. 8	39. 0	40. 3	40. 3
Butterfat, per lb.....do			38. 6	40. 3	39. 4
Wool, per lb.....do	17. 7	17. 5	31. 9	30. 7	31. 2
Veal calves, per 100 lbs.dollars	6. 75	6. 59	9. 54	9. 82	10. 37
Lambs, per 100 lbs.....do	5. 91	5. 51	11. 12	11. 44	11. 15
Horses, each.....do	142. 00	143. 00	80. 00	80. 00	80. 00

The farm price of corn from July 15 to August 15 advanced about 6 per cent over the previous month. Corn prices are now higher than they have been since September, 1925. While the rise from July 15 to August 15 was little more than the seasonal gain, the increase which has occurred since the winter months is more than would normally be expected.

The farm price of wheat continued to move downward during the past month. With new crop wheat coming on the market and the prospects for the total crop fairly good, some decline was expected. Prices in the important spring wheat States seem to have followed the general trend of all wheat prices.

Cotton prices continued to rise during the period from July 15 to August 15. The weevil damage and late season have apparently been the principal factors in the price movement. It might be noted that in Texas, where new crop cotton is now coming on the market, there was no price change.

The farm price of hogs on August 15 was 7 per cent above the previous month. This was more or less expected with the slowing down of the movement to market during the past month. The corn hog ratio at 9.5 is not conducive to very heavy feeding or much increase in hog production.

The decline in the farm prices of hay of about 15 per cent during the past month is the reflection of the very heavy crop in most of the country. The report of August 1 indicates a hay crop about 15 per cent larger than last year and 11 per cent above the five-year (1922-1926) average.

PRICE INDEXES FOR AUGUST, 1927

Farm-products figures from this bureau; commodity groups from Bureau of Labor Statistics (latter shown to nearest whole number). Shows year ago and latest available month.

FARM PRODUCTS

[Prices at the farm; August, 1909-July, 1914=100]

	August, 1926	July, 1927	August, 1927	Month's trend
Cotton.....	130	125	138	Higher.
Corn.....	124	144	152	Do.
Wheat.....	142	144	140	Lower.
Hay.....	110	99	84	Do.
Potatoes.....	202	263	210	Do.
Beef cattle.....	121	137	139	Higher.
Hogs.....	161	119	128	Do.
Eggs.....	123	96	109	Do.
Butter.....	153	158	158	Unchanged.
Wool.....	179	172	175	Higher.

COMMODITY GROUPS

[Wholesale prices; 1910-1914=100]¹

	August, 1926	July, 1927	August, 1927	Month's trend
Farm products.....	138	140	146	Higher.
Food, etc.....	150	144	145	Do.
Cloths and clothing.....	178	174	177	Do.
Fuel and lighting.....	208	184	184	Unchanged.
Metal and metal products.....	136	127	129	Higher.
Building materials.....	177	167	166	Lower.
Chemicals, etc.....	129	120	120	Unchanged.
House-furnishing goods.....	166	163	163	Do.
All commodities.....	152	147	149	Higher.

¹ Bureau of Labor Statistics index numbers converted to 1910-1914 base.

RELATIVE PURCHASING POWER

[At August, 1927, farm prices; August, 1909-July, 1914=100]

In terms of—	Of a unit of—				
	Cotton	Corn	Wheat	Hay	Pota- toes
All commodities.....	92	102	94	56	141
Cloths, etc.....	78	86	79	47	118
Fuel, etc.....	75	83	76	46	114
Metals, etc.....	107	118	109	65	163
Building materials.....	83	92	84	51	127
House-furnishing goods.....	84	93	86	51	129

	Beef cattle	Hogs	Eggs	Butter	Wool
All commodities.....	93	85	73	106	117
Cloths, etc.....	78	72	61	89	99
Fuel, etc.....	76	69	59	86	95
Metals, etc.....	108	99	85	123	136
Building materials.....	84	77	66	95	106
House-furnishing goods.....	85	78	67	97	107

Again during August cotton and corn moved upward in unit exchange value. This improvement in relative price was, in both cases, due to poor crop prospects. Nevertheless, rising prices are a stimulus to producers.

Wheat again declined 4 points in unit purchasing power, hay 9 points, potatoes 37 points.

Among the livestock products listed above, the beef cattle and wool indexes remained unchanged during the month; hogs advanced 4 points, eggs 8 points; butter declined 1 point.

The advance in hogs and egg prices is normal at this season of the year. Hog prices usually advance to a peak some time in September, at which time the heavy run of spring pigs begins to come to market.

With corn 17 points higher in unit exchange value than hogs, the natural tendency would be to curtail the pig-production program for next spring. However, there will be a lot of soft corn this fall which can be fed but the supply of which is not reflected in market prices. This may tend to modify the apparent price disadvantage which hog raisers are under. In general, the price indexes of grains and of meat animals are close together.

Hay is so low in purchasing power that it takes on the character of merely a residual crop, hardly a marketable output.

The general index of purchasing power of farm products in terms of nonagricultural commodities again advanced 1 point during August to 88. This compares with 83 a year ago.

GENERAL BUSINESS INDICATORS RELATED TO AGRICULTURE

	August, 1926	July, 1927	August, 1927	Month's trend
PRODUCTION				
Pig iron, daily (thousand tons) -	103	95	95	Unchanged.
Bituminous coal (million tons) -	46	34	42	Increase.
Steel ingots (thousand long tons).	3, 987	3, 178	3, 471	Do.
CONSUMPTION				
Cotton, by mills (thousand bales).	501	569	633	Do.
Unfilled orders, Steel Corporation (thousand tons).	3, 542	3, 142	3, 196	Do.
Building contracts in 27 Northeastern States (million dollars).	528	470	487	Do.
Hogs slaughtered (thousands) -	1, 710	1, 939	1, 846	Decrease.
Cattle slaughtered (thousands) -	1, 171	971	1, 241	Increase.
Sheep slaughtered (thousands) -	1, 058	920	1, 137	Do.
MOVEMENTS				
Bank clearings (New York), (billion dollars).	22	25	25	Unchanged.
Car loadings (thousands) -----	4, 388	4, 935	4, 249	Decrease.
Mail-order sales (million dollars).	32	33	38	Increase.
Employees, New York State factories (thousands).	489	471	474	Do.
Average price 25 industrial stocks (dollars).	172	222	230	Do.
Interest rate (4-6 months' paper, New York), (per cent).	4. 31	4. 30	4. 16	Decrease.
Retail food price index (Department of Labor). ¹	156	153	152	Lower.
Wholesale price index (Department of Labor). ¹	149	145	147	Higher.

¹ 1913=100.

Nothing of particular note has happened in the business situation within the month. The movement of crops has stimulated some activity in certain lines and certain sections. The volume of building in progress or contemplated continues large although rents are showing a declining tendency and private real estate development does not appear to be on the increase. Interest rates continue low, which is thought to be a factor underlying the volume of building, the strength in security markets, etc.

On the other hand, the general tone of reports from business men over most of the country indicates that things are more quiet than they like. Business is fair but not brisk. The automobile industry, in particular, is in the midst of a lull.

There is nothing apparent as yet in the industrial world which seems to have much significant bearing upon plans of farmers.

GENERAL TREND OF WAGES AND PRICES

[1910-1914=100]

Year and month	General wage level ¹	Farm wages ²	Retail price of food ³	Wholesale price of food ³	Wholesale price, all commodities ⁴
1910.....		97	96	100	103
1911.....		97	95	96	95
1912.....		101	101	103	101
1913.....		104	103	99	102
1914.....	⁵ 100	101	106	101	100
1915.....	101	102	104	104	103
1916.....	114	112	117	120	129
1917.....	129	140	151	166	180
1918.....	160	176	174	187	198
1919.....	185	206	192	205	210
1920.....	222	239	210	218	230
1921.....	203	150	158	143	150
1922.....	197	146	146	137	152
1923.....	214	166	151	143	156
1924.....	218	166	150	143	152
1925.....	223	168	162	156	162
1926.....	229	171	166	152	154
August—					
1921.....	200		160	145	144
1922.....	198		143	137	158
1923.....	214		151	141	153
1924.....	216		149	143	152
1925.....	222		165	158	163
1926					
July.....	227	174	162	153	153
August.....	227		161	150	152
September.....	231		163	151	153
October.....	231	176	165	151	152
November.....	230		167	150	151
December.....	232		167	150	150
1927					
January.....	232	162	164	149	150
February.....	231		161	147	149
March.....	234		159	146	148
April.....	230	166	158	146	147
May.....	230		160	147	147
June.....	230		163	145	146
July.....	228	172	158	144	147
August.....	231		157	145	149

¹ Average weekly earnings, New York State factories.² Index based on both monthly and daily wages.³ Bureau of Labor Statistics index numbers converted to 1910-1914 base.⁴ Bureau of Labor Statistics.⁵ June.

GENERAL TREND OF PRICES AND PURCHASING POWER

[On 5-year base, August, 1909-July, 1914=100]

Year and month	Index numbers of farm prices							Wholesale prices of nonagricultural commodities ¹	Relative purchasing power of farmer's product ²
	Grains	Fruits and vegetables	Meat animals	Dairy products	Poultry products	Cotton and cottonseed	All groups, 30 items		
1910.....	104	91	103	100	104	113	103	102	101
1911.....	96	106	87	97	91	101	95	96	99
1912.....	106	110	95	103	101	87	99	100	99
1913.....	92	92	108	100	101	97	100	105	95
1914.....	103	100	112	100	105	85	102	97	105
1915.....	120	83	104	98	103	78	100	101	99
1916.....	126	123	120	102	116	119	117	138	85
1917.....	217	202	173	125	157	187	176	182	97
1918.....	226	162	202	152	185	245	200	188	107
1919.....	231	189	206	173	206	247	209	199	105
1920.....	231	249	173	188	222	248	205	241	85
1921.....	112	148	108	148	161	101	116	167	69
1922.....	105	152	113	134	139	156	124	168	74
1923.....	114	136	106	148	145	216	135	171	79
1924.....	129	124	109	134	147	211	134	162	83
1925.....	156	160	139	137	161	177	147	165	89
1926.....	129	189	146	136	156	122	136	161	85
August—									
1920.....	242	239	177	185	204	266	209	249	84
1921.....	103	178	112	138	143	91	116	156	74
1922.....	100	129	114	129	114	166	120	182	66
1923.....	109	151	104	142	126	190	128	167	77
1924.....	141	138	116	120	132	219	139	159	87
1925.....	157	178	149	135	148	186	152	164	93
1926.....	128	166	144	128	137	130	133	160	83
1927									
March.....	121	140	144	139	115	102	126	153	82
April.....	119	147	143	140	114	101	125	151	83
May.....	127	158	137	136	112	113	126	150	84
June.....	140	201	129	132	102	119	130	150	86
July.....	139	195	131	130	112	125	130	151	87
August.....	138	172	136	129	122	136	132	151	88

¹ Computed by Bureau of Labor Statistics from wholesale prices of all commodities except those from United States farms. 1910-1914=100.

² The value of a unit of the farmer's product in exchange for nonagricultural products at wholesale prices, compared with pre-war values. Obtained by dividing index of all groups (30 items) by the index of the wholesale prices of nonagricultural products.

THE TREND OF EXPORT MOVEMENT

[Compiled from the Department of Commerce reports by division of statistical research of this bureau]

Year and month	Wheat, ¹ including flour	Tobacco (leaf)	Bacon, ² hams, and shoulders	Lard	Total ³ meats	Cotton, ⁴ running bales
Total—	1,000 bushels	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 bales
1920.....	311, 601	467, 662	821, 922	612, 250	1, 043, 500	6, 111
1921.....	359, 021	515, 353	647, 680	868, 942	786, 280	6, 385
1922.....	235, 307	430, 908	631, 452	766, 950	733, 832	6, 015
1923.....	175, 190	474, 500	828, 890	1, 035, 382	958, 472	5, 224
1924.....	241, 454	546, 555	637, 980	944, 095	729, 832	6, 653
1925.....	138, 784	468, 471	467, 459	688, 829	547, 361	8, 362
1926.....	193, 861	478, 769	351, 591	698, 971	428, 613	8, 916
August—						
1920.....	32, 896	41, 239	32, 693	31, 021	39, 361	145
1921.....	67, 338	52, 815	77, 574	87, 411	89, 258	416
1922.....	39, 198	28, 958	51, 353	68, 907	60, 443	268
1923.....	20, 183	33, 480	69, 194	83, 758	80, 112	241
1924.....	21, 296	33, 410	52, 367	75, 937	60, 170	272
1925.....	12, 007	34, 890	31, 770	45, 740	38, 251	313
1926						
July.....	19, 811	29, 760	22, 457	45, 873	28, 221	356
August.....	35, 479	26, 263	29, 097	54, 273	34, 755	385
September.....	31, 031	38, 319	26, 927	61, 577	33, 843	789
October.....	24, 098	53, 129	23, 873	46, 988	30, 384	1, 359
November.....	20, 545	49, 136	22, 384	43, 488	30, 177	1, 475
December.....	15, 301	50, 375	23, 503	62, 690	28, 746	1, 504
1927						
January.....	12, 821	66, 337	20, 597	59, 842	25, 748	1, 074
February.....	8, 997	46, 840	19, 476	49, 884	24, 313	979
March.....	9, 183	41, 669	18, 108	53, 040	23, 754	1, 084
April.....	16, 039	35, 041	17, 844	67, 345	23, 930	825
May.....	14, 123	40, 376	21, 634	64, 418	27, 035	612
June.....	11, 515	33, 053	25, 293	66, 404	30, 924	468
July.....	12, 100	28, 229	24, 040	46, 972	30, 043	372
August.....	28, 347	27, 817	16, 841	50, 816	23, 123	322

¹ Wheat flour is converted on a basis of 4.7 bushels of grain equal 1 barrel of flour.

² Includes Cumberland and Wiltshire sides.

³ Includes fresh, canned, and pickled beef, bacon, hams, and shoulders; fresh, canned, and pickled pork; fresh mutton and lamb.

⁴ Excludes linters.

TREND OF DAIRY PRODUCTION

[Million pounds, 000,000 omitted]

PRODUCTION

	August			January to August, inclusive		
	1927	1926	Per cent change	1927	1926	Per cent change
Creamery butter.....	143	133	+7.6	1,074	1,052	+2.1
Farm butter.....	61	62	-2.4	429	441	-2.7
Total butter.....	204	195	+4.4	1,503	1,493	+0.7
Cheese.....	36	41	-12.8	290	316	-8.3
Condensed and evaporated milk.....	175	139	+25.8	1,489	1,317	+13.1
Total milk equivalent.....	5,086	4,868	+4.5	38,203	37,828	+1.0

APPARENT CONSUMPTION

[Including production, changes in stocks, and net imports or exports]

Butter.....	186	188	-1.1	1,379	1,409	-2.1
Cheese.....	36	40	-7.4	319	336	-5.2
Condensed and evaporated milk.....	144	132	+9.7	1,218	1,153	+5.6
Total milk equivalent.....	4,639	4,682	-0.1	35,200	35,839	-1.7

T. R. PIRTLE,

Division of Dairy and Poultry Products, B. A. E.

COLD STORAGE SITUATION

[September 1 holdings (shows nearest million, i. e., 000,000 omitted)]

Commodity	5-year average	Year ago	Month ago	Sept. 1, 1927
Creamery butter.....pounds..	128	138	145	163
American cheese.....do.....	70	81	67	70
Case eggs.....cases.....	10	10	11	10
Total poultry.....pounds.....	36	39	42	40
Total beef.....do.....	46	42	36	33
Total pork.....do.....	658	623	841	767
Lard.....do.....	125	151	179	167
Lamb and mutton.....do.....	2	2	1.2	1.3
Total meats.....do.....	768	725	945	867

THE DAIRY SITUATION

One of the dominant features of the dairy situation during September has been the record stocks of butter in cold storage. Total stocks reported in storage on September 1 were 163,037,000 pounds, an amount some 7,000,000 pounds greater than the previous record which was reached on September 1, 1924, and approximately 25,000,000 pounds greater than stocks on hand September 1 of last year. The tendency toward a heavy accumulation of butter stocks has been evident throughout the entire season, and the unusual surplus over previous years which the September 1 report revealed was not entirely unexpected, as trade estimates based upon current information available for the more important storage centers were close to the reported amount. There was therefore no noticeable change in the market from the generally firm tone which had prevailed since the early part of August.

In the larger centers there has been little change during September in so far as the surplus over last year is concerned. Markets have actually firmed up as the month has progressed, although it should be pointed out that this applies more especially to fancy grades than it does to some of the less desirable qualities. The range between top and lower scores has very materially widened. Early in the month there was a difference of but 5 cents per pound between 88 score and 92 score butter prices on the New York wholesale market, whereas the present difference (September 26), is $7\frac{1}{2}$ cents. The average price range between these two qualities for the month of August was 3 cents. Prices of 92 score butter are almost up to the 1925 level, and have been 2 to 3 cents higher than last year throughout the entire month of September. In 1924 when storage stocks also reached high proportions, September prices were considerably below the June average, and it was not until the latter part of October that advances occurred. If prevailing values are held the balance of the month, this year's September butter prices will make the highest September average since 1920, with the one exception of 1925.

Contributing very largely to the unusual amounts of butter in storage has been the favorable production season. Substantial gains over 1926 production began to occur in May, for which month the increase over May of last year was estimated to be 6 per cent. Increases occurred throughout the summer and with total butter production averaging close to 160,000,000 pounds during each of the heavy producing months, an increase of 3 to 4 per cent during the entire flush season will go a long way toward explaining the heavy storage surplus of this year.

Increases in the production of concentrated milk also reflect the favorable summer conditions which prevailed in dairy sections. The output of condenseries during August was approximately 25 per cent greater than August of last year, and for January to August, inclusive, the increase in the production of condenseries was approximately 13 per cent over the same period in 1926. Incidentally, condensed milk stocks on September 1, were 300,000,000 pounds, which is 57,000,000 greater than September 1, of last year and over 70,000,000 pounds greater than the September 1 five-year average. Condensed milk stocks tended toward further accumulations during August, increasing some 20,000,000 pounds, whereas the average tendency is for very little change to occur during that month.

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THE EGG AND POULTRY SITUATION

Increasing firmness in the egg situation which was evident in August has continued in September. This is due in part to the continued lower receipts as compared to a year ago and to the heavy out-of-storage movement. Prices have continued upward in the usual seasonal movement but are still several cents below last year's levels.

Receipts at the four markets in September are running about 3½ per cent less than last year, making the fourth successive month during which lower receipts have occurred. This condition seems likely to continue until the new crop of pullets gets into production, but what the situation may be then will depend upon the quantity of young stock in the country and upon weather conditions.

While it was generally recognized that the movement of eggs out of storage had been unusually heavy for August, the September 1 storage figures for the United States were considerably lower than anticipated by many. Holdings on that date totaled 9,652,000 cases or only about 80,000 cases less than on September 1, 1926. In contrast the surplus this year over last on August 1, was about 900,000 cases. The heavy consumption which played an important part in this reduction, shows signs, however, of slacking off somewhat in September. Storage stocks of shell eggs are generally considered to be large in view of the heavy winter production of fresh eggs which has occurred in recent years. Stocks of frozen eggs also showed a material reduction, about 4,000,000 pounds during August, but still amount to 77,589,000 pounds, a much larger quantity than usual.

The dressed poultry situation shows little change with receipts at the principal markets continuing to run about on a par with last year. Storage stocks have been further reduced during August in contrast to an increase last year and on September 1 were at a normal level, being only about a million pounds greater than the 1926 holdings on that date and about 3,000,000 above the five-year average. Broilers and miscellaneous poultry were the only classes of frozen poultry to show increases. Stocks of frozen turkeys, while nearly double those of last year, were only slightly above the five-year average. Preliminary surveys indicate that the size of the turkey crop in Texas will be about the same as the 1926 crop, but that there may be a tendency to hold over rather more of the turkeys than usual for the Christmas market. Some importations of turkeys, principally from the Argentine, have arrived at New York. Prices of practically all classes of dressed poultry remain considerably below last year's levels.

In spite of the fact that the Jewish holidays this fall are later than last year, receipts of live poultry during the month have been liberal, but demand has been good, with the result that supplies have cleaned up quite well. Prices have shown the usual day-to-day fluctuations but are below last year in practically all classes. The percentage of broilers in the receipts is showing the usual season decrease, with chickens increasing accordingly.

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THE TOBACCO SITUATION

A measurable degree of prosperity seems to be in prospect for tobacco growers as a group. Prosperity for one or another of the numerous important tobacco-producing districts is not unusual, but during recent years good prices for the weed that "delights but does not intoxicate" have been inclining more and more to growers in cigarette leaf areas and away from producers in most other districts.

The reasons for this are not difficult to trace. The whole world, it would seem, is turning to cigarettes, and more and more tobacco of certain types is being required to satisfy the demand. By the same token, other modes of tobacco consumption are in some cases barely holding their own and in others rapidly going out of style.

There is another powerful factor affecting American growers—the increasing competition of foreign-grown tobacco. Strangely enough, the adverse effects of these two sets of factors—the trend from heavy tobacco to the lighter types used in cigarettes and the increasing foreign competition—are focused mainly upon one group of tobacco growers, those producing the dark air-cured and dark fired types. This is so for the reason that the increase in tobacco production abroad has been confined almost exclusively to these heavier types, while producers of cigarette leaf, chief of which is the bright flue-cured types of the coastal plain and Piedmont regions, have as yet met with no serious competition. They have before them an expanding market, with but little competition, while the dark-tobacco growers have a contracting market and increasing competition. Under these conditions it is all the more remarkable that they should have, as they seem to have, an outlook for good returns this year.

What are the indications? Briefly, for the more important types they are as follows:

Flue Cured.—Produced from southern Virginia to Georgia and Florida. The bulk of the crop goes into domestic cigarettes, to the United Kingdom, and to China. The Chinese market is suffering acutely from internal disorders, but the total exports of flue-cured, nevertheless, show an increase. Also, the manufacture of cigarettes in America is increasing steadily, and what is making competition keener is the fact that several new companies of large resources have entered the field. The crop is now being sold, and, in spite of the increase of 15 per cent in acreage, the prices are holding up well compared with last year's high figures.

Burley.—This is by far the most important single type of American tobacco. Its utilities cover a wide range—cigarettes, smoking, and chewing. The high prices for cigarette grades have carried Burley along for several years to a condition of serious oversupply among the noncigarette grades, resulting in a sharp break in prices for the 1926 crop.

The changed sales policy of the Burley association undoubtedly had an effect on prices, but conditions favoring the break had been gathering for several years. As a result of the lower prices, however, acreage this year is 25 per cent lower than in 1926, and this will have an important bearing on supplies of leaf for the ensuing year. On October 1, 1926, the crop, plus stocks of old leaf, amounted to 767,000,000 pounds. The prospect is that on October 1 (current) the potential supply of Burley will not exceed 700,000,000 pounds

and may fall considerably below that, which would be equivalent to the supply situation of three or four years ago, when the rate of consumption was lower than at present.

In other words, the statistical position of Burley is in a healthier condition than it has been for several years, and this augurs well for the growers. As evidence that the tobacco trade is alive to the situation, one company recently bought 68,000,000 pounds of redried tobacco from the association.

One Sucker has been the under dog of the tobacco world for several years. The acreage dropped from 66,400 acres in 1923 to 34,500 acres in 1926, and during the same period the price per pound to growers dropped from 10.1 cents to 5.7 cents. This year acreage is estimated at 18,900. The most significant features of the One-Sucker outlook are that stocks of old leaf have become seriously depleted and that the production this year will probably be less than half of the average annual consumption for the past four years. A considerable rebound from last year's low price seems assured.

Green River, another dark air-cured type of western Kentucky, should improve somewhat from last year's low returns, but the indications are much less conclusive than in the case of One Sucker. The acreage has been reduced, which, together with the general shortage of dark tobacco, should benefit the growers.

Dark Fired Types.—It is in the dark fired areas that pessimism has been most pronounced. They have borne the brunt of increasing foreign competition and of increased inroads by the cigarette types. Notwithstanding successive cuts in acreage, prices have persistently declined. The market for dark fired tobacco of the 1926 crop was a debacle.

Two results now stand out: (1) Foreign buying was stimulated by the bargain prices to such an extent that stocks of old leaf are in a fair way to be sharply reduced by October 1, compared with previous years; and (2) production in 1927 will undoubtedly be the lowest for many years. For all dark fired types, including that grown in Virginia, the production seems more likely to fall below 129,000,000 pounds than above it, and the situation on October 1, compared with previous years, will be about as follows:

THOUSANDS OF POUNDS

	1923	1924	1925	1926	1927
Production of all dark fired tobacco.....	257, 339	213, 556	210, 400	182, 910	¹ 129, 000
Stocks of leaf Oct. 1.....	170, 860	181, 413	200, 095	226, 535	¹ 213, 000
Potential supply as of Oct. 1.....	428, 199	394, 969	410, 495	409, 445	342, 000
Disappearance during year commencing Oct. 1.....	246, 786	194, 874	183, 960	² 196, 445	-----

¹ Maximum probable.² Minimum probable.

The supply as of any October 1 is of significance when compared with the disappearance during the preceding 12 months. The ratio of supply on October 1, 1924, to the disappearance during the preceding 12 months was 1.6 : 1; 1925, 2.1 : 1; 1926, 2.2 : 1. On the figures assumed as most conservative for October 1, 1927, the ratio will be as 1.7 : 1, or substantially that of 1924, when good prices prevailed. The situation varies as to different members of this group, and the outlook for the Clarksville and Hopkinsville type and Paducah type appears particularly encouraging. It was in recognition of this situation that in its tobacco release of August 12 the department called attention to the impending shortage of manufacturing types of leaf, particularly among the higher grades, and urged growers to exercise more than ordinary care with their crop this year.

The 1926 crop of Maryland and Ohio export, now being marketed, is bringing good prices. Exportations are on the upgrade, and a continuance of good prices for this year's crop seems assured.

Cigar types seem particularly well situated. The cigar industry, while not expanding in total output is undergoing transition from an industrial standpoint and in character of output, the effect of which should be the gradual upbuilding of the industry as a whole. Retail prices of cigars and manufacturing costs will automatically place a limit upon the farm price of tobacco, and since the trend is toward cheaper cigars it is not reasonable to expect a return of war-time prices for all grades of cigar leaf. Nevertheless, the prices paid in recent years, especially for filler tobacco, have been relatively low.

The statistical position of practically all cigar types has improved in the last year and a better average return to the growers is looked for this year. Unfortunately damage from hail and other causes has been rather widespread, especially in binder districts, the effect of which will be to lower the general average quality, although accentuating the prices paid for really good crops.

In brief, a survey of the whole situation leads to the belief that favorable returns will be better distributed among the tobacco areas this year than has been true for several years past, quality of crop considered.

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THE POTATO AND APPLE SITUATION

With half a billion dollars or more represented in the potato and apple crops now being harvested, growers and shippers are studying the various factors which may affect their net returns. The fruit market outlook is rather encouraging, but several question marks appear on the horizon of the potato situation.

POTATO MOVEMENT LIGHT; YIELDS UNCERTAIN

Until most of the potatoes are out of the ground and a careful estimate can be made of the total quantity and the quality of this year's crop the market position remains rather uncertain. Blight, drought, frosts, and other field troubles have been taking their toll, with blight probably the most serious factor in several important producing sections. About 11,000,000 bushels were clipped off the

August forecast, leaving a September estimate of 400,000,000 bushels for the entire country. Of that volume 276,000,000 bushels are expected in 19 leading States which furnish most of the car-lot supply during fall and winter. This is not quite up to the average production for those northern States, but is 25,000,000 bushels more than they had last year. The October and November crop reports will be watched with exceptional interest this season. Production in the mountain region and far western States has recently shown marked annual gains. Most of the supply, however, comes from the north central and northeastern sections, and prospects there are for moderate sized crops.

Three things will hold the attention of growers and handlers of potatoes during the next few months: (1) the estimated per capita production, (2) the keeping quality of the tubers, and (3) the report of January 1 stocks on hand. Present prospects are for a per capita of 3.3 bushels, compared with 3 bushels last year, 2.8 in 1925, about 3.7 in 1924 and 1923, and 4.1 bushels in 1922. A crop of 400,000,000 bushels would be slightly below normal requirements. In a year of serious blight trouble it is especially difficult to estimate the probable loss from shrinkage and decay in storage. The report of January 1 stocks, indicating total supply available until new crop potatoes arrive in volume, has been an important factor in determining the spring price. The quantity and quality of potatoes remaining on January 1 are pretty sure to fix the price level after that date.

The potato market recently has registered prices one-fourth to one-third lower than those of a year ago. The season is late and shipments from northern States have not shown activity equal to that of 1926, except in Wisconsin, Minnesota, Nebraska, and northern California. Movement so far has been considerably lighter than during the early part of last season. But, by the time digging is at its height, car-lot forwardings probably will catch up to the seasonal record. The excess apparent in shipment data was wholly in the early and intermediate potato States and has little effect on the market value of the late or main crop.

APPLE CROP LIGHT, ESPECIALLY IN EAST

Apples promise to be the lightest crop in 20 years, with the exception of 1921. Production estimates have been shrinking month by month, and present prospects are for only half as many apples as last season. The Canadian crop also is expected to be relatively light, particularly in British Columbia. A United States commercial crop of 24,000,000 barrels is about equally divided between the eastern and western shipping States. Usually, the East has a commercial crop about 40 per cent greater than that in the nine western States comprising the box apple region. The balance between East and West this season is simply another way of saying that eastern apples are a very light crop, and it may foreshadow an exceptionally active car-lot movement from the western producing region. So far, arrivals have been greatly delayed, as the season is late in important shipping States.

Spring freezes, scab, and insect injury are partly responsible for the heavy losses in eastern sections, and prolonged drought affected the apple crop adversely in the Great Lakes region. Overbearing last

year also weakened the condition of trees, particularly in the East. The commercial crop will be exceptionally light in the Ozark section, in Michigan and New York, and in the Potomac-Shenandoah Valley area. Many districts also report a larger percentage than usual of low-grade or defective fruit. This situation should enhance the market value of good quality apples. At present, the market is somewhat depressed by liberal supplies of fruit showing irregular quality and condition, but most growers and dealers feel optimistic over the outlook for the fall and winter market, after the main varieties begin to arrive. Prices so far have been higher than those of a year ago.

A three-year cycle for apples is revealed in the statistics of the last six years. Both commercial production and total car-lot shipments tended gradually upward from low point of 1921 to high point in 1923. Dropping again in 1924, there has since been an annual gain in crop and movement until high mark of 1926. Again this year, 1927, the production for market purposes is light. This same three-year cycle is noticeable in price trends. A close relation is seen between factors of volume and price, much higher values prevailing, of course, in seasons of light crops. Quality of the fruit, especially keeping quality for storage purposes, is another important consideration.

From 1922 to 1925, this country shipped to foreign markets slightly more than one-tenth its commercial apple crop. Canada ships overseas a larger proportion of its production. Last season, Canadian exports dropped to a low point because of the light crop in Nova Scotia, but outbound movement from the United States was nearly double that of the preceding year, reaching the high equivalent of 7,100,000 barrels, or 18 per cent of the commercial crop. The United Kingdom took most of these shipments, but Germany also proved a splendid outlet. It is generally believed that exports for 1927-28 will fall considerably below the record of last year, because of the light crop here and the heavier production in Great Britain and on the continent. To date, shipments to foreign markets have been less than the corresponding total in 1926.

British markets have been heavily supplied with domestic apples of poor quality. Once harvesting is completed and earlier stocks have been moved, market opportunities for good American fruit should improve. Industrial conditions in England and Scotland, however, are still below normal and this may affect the purchasing power to some extent. Early supplies of United States apples in British distributing centers have been in excess of the demand. Losses have been taken by some handlers of American fruit who made purchases at shipping point. Many eastern apples were exported long before the time that they should have been picked, and more profitable markets likely could have been found at home. Those in touch with the foreign situation, however, feel that a more hopeful condition soon is due. Desirable varieties of good eating apples should meet a ready sale.

Two special reports are now available in mimeographed form from this bureau. They give greater details regarding the present situation and are entitled: "Potato Situation in 1927" and "Apple Situation in 1927."

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WORLD WHEAT CROP AND MARKET PROSPECTS

WHEAT PRODUCTION

The world wheat crop is now indicated to be somewhat larger than last year. The Northern Hemisphere crop aside from Russia promises a harvest 130,000,000 to 160,000,000 bushels greater than last year, with the probabilities in favor of later revision downward rather than upward. Early indications for the Southern Hemisphere are for a reduction of 40,000,000 to 60,000,000 bushels as compared with last year, due to unfavorable conditions in Australia. The total of estimates of production in 29 countries of the Northern Hemisphere, including a statistical forecast for France, amounts to 2,829,000,000 bushels compared with 2,681,000,000 produced in those countries last year. A slight increase is indicated in European countries not yet reporting which may be cut down by poor weather reported in August.

The North American estimate of an increase of 78,000,000 bushels over last year is subject to some revision. The United States September 1 estimate in the past 13 years has been within about 5 per cent of the final estimate in 10 years and has been within 8 per cent in all 13 years. The Canadian September estimate in the past eight years has been within 6 per cent of the final estimate in six years and within 11 per cent of the other two years. In five of the past six years the September Canadian estimate has been below the final. This year with almost a record production and a higher yield per acre than in any of the preceding eight years, there is greater likelihood of a reduction in the final estimate than usual.

Reports from European countries outside of Russia continue to indicate a larger crop than last year. Estimates from 20 countries indicate a production of 1,062,000,000 bushels, which is 51,000,000 above last year. Rough estimates made on the basis of condition reports and other estimates for the remaining countries, excepting Russia, give a total production for Europe of 1,269,000,000 bushels as compared with 1,208,000,000 bushels in 1926. These European estimates for countries not yet reporting have not been reduced in accordance with reports of storm damage during August in northern Europe, since there has been little indication as yet as to the probable extent of the damage. It is expected that there will be some decrease both in quantity and quality in the crops of northern France, northern Germany, and Poland as a result of these storms, but it is possible that the reduction in the quantity of harvest may not be heavy in comparison to the total crop. September estimates for Norway and Belgium have increased slightly over previous estimates and that for the Netherlands is somewhat decreased. Trade reports from Germany are estimating the crop at 103,000,000 to 110,000,000 bushels of which 7,000,000 to 15,000,000 are expected to be unfit for milling, whereas early condition reports indicated a crop of 116,000,000 compared with 95,000,000 officially reported for 1926. The German official estimate is expected within a short time. The Russian crop is now generally expected to be somewhat smaller than last year. An expected increase in the rye crop might result in less decrease in the Russian wheat surplus than would be indicated by wheat production alone.

North African production is still reported as 10,000,000 to 11,000,000 bushels greater than last year. The Chinese crop is believed to be good this year.

The first forecast of acreage in Argentina shows a slight increase over 1926 and conditions are generally favorable for development. In Australia, continued dry weather hindered seeding, particularly in New South Wales, one of the principal producing States. A correspondent reports a probable production of 100,000,000 to 110,000,000 bushels, a reduction of about 50,000,000 bushels from last year's official report, due largely to decreases in Victoria and New South Wales.

PRODUCTION OF OTHER CROPS AFFECTING EUROPEAN WHEAT CONSUMPTION

European rye production has been indicated to be close to 100,000,000 bushels greater than last year, but this figure does not take into account reductions due to the poor weather conditions in northern Europe during August which are believed to have hurt the rye crop in Germany, which produces about a third of the European crop aside from Russia, and also in Poland, the next most important producing country. There is as yet no basis for measuring the amount of this reduction, so the present status of the crop is in doubt.

The European potato crop is expected to be greater than last year due largely to expected increases in the crops of Germany and Poland, which also may have been damaged by excessive rainfall. The possible increases in rye and potatoes in northern Europe will be partially offset by decreases in corn production in southern and southeastern Europe where corn is used to a considerable extent as a bread grain. The corn crop reduction is especially noted in Rumania and Jugoslavia in which corn is used most extensively as a bread grain among the peasants.

PROBABLE EXPORTS

It now seems probable that Northern Hemisphere surplus-producing countries will have a little larger exportable surplus than last year. The net exports of Northern Hemisphere exporting countries last year amounted to 617,000,000 bushels as compared with 495,000,000 from the 1925 crop and 524,000,000 from the 1924 crop. According to present estimates of production, it seems probable that these same countries next year will export between 600,000,000 and 675,000,000 bushels. Canada will be the leading exporter and, according to latest estimates, may ship 300,000,000 bushels or more and the United States about 235,000,000 bushels. Shipments from Russia are quite uncertain. The Balkan and other countries will contribute very little. If the exporting countries of the Northern Hemisphere do not increase consumption, they can export about 700,000,000 bushels without reducing stocks. Some increase in stocks and consumption is probable.

Exports of previous years and probable range of exports for the year July 1, 1927, to June 30, 1928, are indicated below. Ranges are given in every case to indicate uncertainties as to domestic utilization and changes in stocks.

In this connection it may be of interest to compare last year's range estimates with the actual net exports for the year. The net exports of all the countries for which ranges were given in Foreign Crops and Markets of September 13, 1926, fell within the range excepting Canada. The Canadian estimate of production was increased after that date from 399,000,000 to 410,000,000 bushels and net exports amounted to 305,000,000, 5,000,000 over the maximum of the range given as of September 13. The principal changes made thereafter in estimates of exports were in narrowing ranges as the year approached an end.

IMPORT REQUIREMENTS

Indicated increases in wheat and rye crops will reduce European requirements for wheat from exporting countries. An increase of from 60,000,000 to 100,000,000 bushels in the wheat crop and a similar increase in the rye crop, however, will not cause a corresponding reduction in the imports of wheat. The net imports of European importing countries, excluding Portugal, Poland, and Spain, for which final data are not available, amounted to 638,000,000 bushels in the year 1926-27, as compared with 521,000,000 for the year before and 609,000,000 for the year 1924-25. For the year 1927-28 the net imports into these countries are expected to be between 575,000,000 and 650,000,000 bushels. Increased production may cut the import requirements to about 600,000,000 bushels. Actual imports will depend, of course, upon quality of domestic crops, prices, and other conditions, such as tariffs and other import restrictions. It is estimated that non-European countries will take from 100,000,000 to 150,000,000 bushels, making a total of import requirements of all importing countries between 675,000,000 and 800,000,000 bushels. This is a wide range. A more probable range is from 700,000,000 to 750,000,000 bushels, of which the Northern Hemisphere countries may provide from 600,000,000 to 675,000,000 bushels.

The net imports during the past three years of the most important importing countries and range estimates are indicated below. Great Britain is always the largest importer and regularly imports about 200,000,000 bushels. Since the Italian crop is slightly less than last year, Italy is expected to import a little more than last year. Germany and France on the other hand, with better rye and wheat crops in prospect, may reduce imports. The imports of most of the small European countries regularly importing vary but little from year to year. Poland has in prospect larger wheat and rye crops which will just about supply her own needs. Poland, however, may import a small quantity of wheat. The imports of most of the non-European importing countries vary but little. China, however, is an exception to this. Reports from Agricultural Commissioner Nyhus indicate that the Manchurian crop is very good this year. China may, therefore, import but a small amount of wheat this year.

EXPORTS FROM THE UNITED STATES

The September forecasts of spring wheat production in the United States indicate an increase over the August forecast of 10,000,000 bushels in supply available for export, carry-over, or use in the United States. Reports by States indicate increases of about

5,000,000 bushels in hard red spring; with the remainder divided between durum and white wheat. The probable exports from the United States are indicated as a range between 220,000,000 and 250,000,000 bushels. This range allows for variations in use in the United States and in stocks. It is expected that reductions in the crops of oats and corn may increase the feeding of wheat and thereby reduce the exportable surplus. Large crops in the spring wheat territory are also likely to cause those States to hold larger stocks at the end of the year than they had at the beginning of the year. The course of prices will also affect variations in both carry-over and feeding. Higher prices toward the end of the year might cause stocks to be cleaned up fairly well, whereas low prices might cause more than usual to be retained. Since conditions at present point to prices not very different from last year, it seems probable that stocks will not be very materially increased except in the spring wheat territory where crops were short last year and the carry-over reduced to a minimum.

[From report of this bureau, issued September 15, 1927.]

LIVESTOCK MARKET SITUATION

The livestock industry is faring as well if not better than other branches of agriculture at the present time and the outlook in general appears favorable for next year.

CATTLE

All grades of beef cattle are now selling at the highest levels since 1920. Compared with the lowest prices of 1926, which were made the week ending August 21, all grades of steers are up from 20 to 50 per cent.

Almost half of the advance on good, choice and prime steers was made since July 1, this year, and from 20 to 25 per cent took place since August 20. Supplies of choice and prime steers at Chicago since July 1 were 23 per cent less than in the corresponding period last year and are showing still greater reduction in September.

Receipts of cattle, excluding calves, at 7 leading markets during July and August were 12.8 per cent less than in the same months last year and showed a reduction of 32 per cent during the first three weeks of September when prices advanced sharply.

Supplies of beef from inspected slaughter during July and August were 7.4 per cent less than a year ago while cost of cattle to slaughterers was 21.7 per cent greater.

Prices of feeder steers since July 1, have averaged from \$1 to \$1.50 higher than during the corresponding period of 1926. At prevailing prices the margin between prices of finished cattle and prices of stockers and feeders is considerably greater than a year ago and although feed prices are higher the outlook appears favorable for cattle feeding.

The stocker and feeder movement from all public stockyards during July and August was 9.5 per cent less than in those months last year. Southwestern markets showed material increases in stocker and feeder shipments as did some of the small markets in the South but the large Corn Belt markets showed material decreases. The increased movement from Southwestern markets probably repre-

sents to a large extent the shifting of cattle from one grazing district to another rather than movement into finishing areas.

The movement to the country from 12 leading markets to 7 Corn Belt States during the period July 1 to September 17 was 29 per cent less than in the same period last year. While there is an increasing tendency to buy stockers and feeders on the range rather than at public markets it appears improbable that such increased purchases will make up for the deficiency in the number of stockers and feeders shipped from markets this year compared with a year ago. Many of the cattle bought on the range are unloaded for feed, water and rest at one or more public stockyards while enroute to feed-lot destination and are included in the statistics of those markets.

Current market reports feature the scarcity of stockers and feeders at leading markets and point out that finishers are loath to buy at present levels. That many important producing and finishing sections have abundant supplies of feed and a shortage of cattle is indicated by reports and inquiries received by the department. One such inquiry reports a need for a thousand cattle in two counties in Virginia with no local supplies available.

Prices of grass cattle usually turn downward in the late fall when stockmen clean up their herds preparatory for winter and as this season is at hand some hesitancy in cattle prices during the next two months would not be unusual. Any reaction however, will serve as an opportunity for finishers to buy feed-lot supplies. During the early winter there probably will be considerable numbers of heavy short-fed cattle on the market as many of the feeders going to the country are being taken out to utilize the abundant supplies of feed available.

HOGS

Receipts of hogs at the seven principal markets during the first half of September were 22 per cent less than for the corresponding period a year ago. Apparently September will be the first month this year that the monthly slaughter of hogs under Federal inspection did not exceed the corresponding month of last year. The greatest increases this year were during the late spring and summer, amounting to 20 per cent for May, 24 per cent for June, 10 per cent for July, and 8 per cent for August. While the pig crop of last fall, which largely comes to market from May to September, inclusive, was indicated to be 5 per cent larger in the Corn Belt than the year previous, many hogs that ordinarily would have been marketed early last winter were held and marketed after the first of the year. Because of the uncertainty as to the outlook for the present corn crop and the less favorable feeding relation between corn and hog prices, many hogs from the pig crop of last spring were sent to market before being finished, thus further piling up the total market supply during the late spring and summer.

The spring pig crop of this year, which usually begins to move in volume some time during October and continues through the winter months, was indicated by the June pig survey to be 2 per cent larger in the Corn Belt and 3.5 per cent larger for the country as a whole. This would indicate a slight increase in the number of hogs to be marketed during the winter packing season. Also, this year with a poor corn crop in many sections and with a corn-hog ratio less

favorable than a year ago for feeding or further expansion in breeding, many hogs and possibly the big end of the spring pig crop may come to market much earlier than they did last year, thereby increasing market supplies in the early winter packing season over last year and curtailing supplies in the late winter and early spring.

The supply situation is closely reflected in hog prices and the market has recovered somewhat since the middle of the year. The average cost of hogs purchased at Chicago by packers and shippers advanced from \$8.59 for the last week in June to \$10.68 for the week ending September 17. Most of the advance, however, was on medium and heavyweight hogs and especially on all weights of well-finished hogs, resulting in a relatively narrow price spread for comparable hogs of different weights but a wide price spread for the different grades because of the large proportion of grassy and light unfinished hogs in the market supply. Medium-weight hogs are now topping the market and as the market gets more on a yield rather than on a fresh-meat basis heavy hogs may be expected to soon sell at the top. Ordinarily the low price during the winter packing season comes in late November or in December. Apparently this year many feeders who usually market in the early winter may profitably feed hogs to heavier weights and for the late winter and spring market.

LAMBS

Receipts of sheep and lambs at seven of the principal sheep markets since the 1st of June, the date when the market movement of the current crop is well underway, to the middle of September were 358,000 head, or 9 per cent less than during the same period last year. The number slaughtered under Federal inspection during June, July, and August was not greatly different from that of last year, showing a slight increase. With the seasonal movement of native lambs practically over and in view of the smaller crop of western lambs and less lamb feeding in the Corn Belt, market supplies during the next few months may be less than last year. Increased feeding, however, is indicated in western areas which may increase the movement of late-fed lambs next year.

Lamb prices since the middle of July and until quite recently averaged somewhat below last year. The trend of prices, however, has been upward during September. At Chicago good and choice grade lambs, 84 pounds and down, averaged \$13.90 for week ending September 24, as compared with \$12.59 two weeks earlier. At this time last year prices were gradually working to lower levels, but present supply conditions are practically the reverse of a year ago.

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